

1.0 Division of Purchasing and General Services

Summary

During the 1997 General Session, Senate Bill 249 reorganized the Department of Administrative Services. The Division of Purchasing was changed to the Division of Purchasing and General Services. As noted in 63A-2-103, the director of the Division of Purchasing and General Services shall operate and maintain: a central mailing service and a central store. As allowed by the law, the director has also established a central copy and publishing service, and a separate administration program.

	FY 1999	FY 2000	Difference
Revenue	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$11,894,300	\$13,104,200	\$1,209,900
Total	\$11,894,300	\$13,104,200	\$1,209,900
Programs - Revenue			
Administration	\$189,900	\$190,100	\$200
Mail	6,530,000	6,960,000	430,000
Electronic Purchasing	100,800	290,400	189,600
Publishing	5,073,600	5,663,700	590,100
Total	\$11,894,300	\$13,104,200	\$1,209,900
Expenditures			
Personal Services	\$1,943,300	\$2,118,600	\$175,300
In-State Travel	4,200	4,200	
Out-of-State Travel	8,800	8,800	
Sub -Total Travel	13,000	13,000	
Current Expense	8,796,600	9,187,050	390,450
Data Processing	63,900	63,900	
DP Capital	22,200	12,200	(10,000)
Capital Outlay	1,122,700	1,291,100	168,400
Total	\$11,961,700	\$12,685,850	\$724,150
Net Op. Income	(\$67,400)	\$418,350	\$485,750
FTE Standard	60.0	60.0	0.0
FTE Building Block	0.0	1.0	1.0
Total FTE	60.0	61.0	1.0
Auth. Capital Outlay	\$2,901,400	\$1,834,500	(\$1,066,900)
Retained Earnings	(\$719,600)	(\$301,250)	\$418,350

2.0 Budget Highlights - Division of Purchasing and General Services

Additional FTE	The Analyst has recommended authorization of one additional FTE in the Division's Copy Services section. This position was transferred from the Department of Human Services in January, 1999 under "zero-sum gain" intent language included in the FY 1999 Appropriations Act.
Contingency Fund	The Analyst does not recommend authorization of a \$250,000 capital outlay contingency fund for Copy Services. While DAS contends that such a fund will allow Copy Services flexibility to serve unanticipated new customers, the Analyst believes that Copy Services' projection for anticipated new customers is fluid enough to accommodate any unforeseen new business.
Mail Efficiencies	The Analyst notes that in FY 1999 Mail Services will invest over one-half million dollars in capital improvements including equipment to increase productivity and decrease costs. The section will also replace \$120,000 worth of fully depreciated mail metering equipment in FY 2000. The Office of the Legislative Fiscal Analyst expects to see efficiencies related to said equipment reflected in the Division's FY 2001 budget requests.
Response to Intent Language	<p>The 1998 Legislature included the following intent language that applies to the Division of Purchasing and General Services in Senate Bill 1, Item 67:</p> <p><i>It is the intent of the Legislature that the Division of Purchasing and General Services be allowed to add up to 2.25 FTE positions beyond the authorized level in the Central Stores program. This authorization is subject to implementation of the Procurement Card and Personal Computer Store programs.</i></p> <p>To date, the procurement card program has been implemented while the personal computer store is pending. No new FTE have been added or are anticipated for addition in FY 1999.</p>

3.1 Programs: Administration

Recommendation

The Analyst is recommending the agency request of 1.3 FTE and \$190,100 in revenue.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenue	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$222,300	\$189,900	\$190,100	\$200
Total	\$222,300	\$189,900	\$190,100	\$200
Expenditures				
Personal Services	\$111,000	\$76,600	\$76,800	\$200
Out-of-State Travel		1,800	1,800	
Sub -Total Travel		1,800	1,800	
Current Expense	45,900	35,400	35,400	
Data Processing	53,400	63,900	63,900	
DP Capital	12,000	12,200	12,200	
Total	\$222,300	\$189,900	\$190,100	\$200
Net Op. Income	\$0	\$0	\$0	\$0
FTE Standard	2.5	1.3	1.3	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	2.5	1.3	1.3	0.0
Auth. Capital Outlay	\$0	\$0	\$15,000	\$15,000
Retained Earnings	\$12,700	\$12,700	\$12,700	\$0

Summary

The administration program is set up to account for indirect costs in delivering the services of the other three central services programs. The functions of divisional management, budgeting and accounting, and clerical support are budgeted within this program. The programs are billed in the same proportion that their budgets bear to the total division budget. The administrative costs for FY 2000 represent approximately 1.4 percent of the total estimated revenues of the division for FY 2000.

Authorized Capital Outlay

The Analyst is recommending authorization of \$15,000 in capital outlay to replace depreciated file, Web, and SQL servers to accommodate transition to Novell 5.0 and integration of remote Local Area Network's to the State's Wide Area Network.

3.2 Programs: Central Mailing

Recommendation

The Analyst is recommending the agency request of \$6,960,000 and 32 FTE.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenue	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	6,192,300	6,530,000	6,960,000	430,000
Total	\$6,192,300	\$6,530,000	\$6,960,000	\$430,000
Expenditures				
Personal Services	825,700	914,900	918,100	3,200
In-State Travel		1,400	1,400	
Out-of-State Travel	1,500	3,700	3,700	
Sub -Total Travel	1,500	5,100	5,100	
Current Expense	5,392,900	5,546,600	5,577,900	31,300
Capital Outlay	67,200	151,800	160,500	8,700
Total	\$6,287,300	\$6,618,400	\$6,661,600	\$43,200
Net Op. Income	(\$95,000)	(\$88,400)	\$298,400	\$386,800
FTE Standard	30.0	32.0	32.0	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	30.0	32.0	32.0	0.0
Auth. Capital Outlay	\$0	\$551,400	\$120,000	(\$431,400)
Retained Earnings	(\$79,000)	(\$167,400)	\$131,000	\$298,400

Summary

State Mail provides mail services for agencies throughout the State. These services include inserting, folding, metering, tabbing, UPS, bar coding, etc. The Tax Commission and Department of Human Services mail operations were consolidated with State Mail in FY 1995 creating one of the most centralized state mail operations in the nation. The automation of mail functions in a centralized facility reduces the time that agencies spend on these functions and increases the overall efficiency.

State Mail Services is established to provide services in a way that minimizes costs to State agencies. Bar coding and presorting of mail allows agencies to receive maximum postal discounts. Postal discounts obtained through mail automation and consolidation are reflected in reduced rates. Mail Services also provides agencies with an effective way to process their outgoing mail stream. Collation, bursting, sorting, and inserting are all automated functions which were often performed by hand or outsourced at a much higher rate.

Authorized Capital Outlay

The Analyst notes that in FY 1999, Central Mail is purchasing new equipment from which it estimates significant labor savings will result. As realization of those savings can only occur after the new equipment is operational, the Analyst will closely monitor the relationship between this equipment acquisition and requests for personal service authorizations in FY 2001.

For FY 2000, the Analyst recommends authorization of \$120,000 in capital outlay for FY 2000 to replace six mail metering machines that have reached the end of their expected service lives.

3.3 Programs: Copy and Publishing Services

Recommendation

The Analyst is recommending the agency request, with the exception of a contingency fund. The recommendation includes an increase of 1 FTE for a Service Center Coordinator transferred from the Department of Human Services.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenue	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$4,395,700	\$5,073,600	\$5,663,700	\$590,100
Total	\$4,395,700	\$5,073,600	\$5,663,700	\$590,100
Expenditures				
Personal Services	\$756,500	\$798,900	\$885,000	\$86,100
In-State Travel	2,000	2,800	2,800	
Out-of-State Travel	700	3,300	3,300	
Sub -Total Travel	2,700	6,100	6,100	
Current Expense	2,706,800	3,175,400	3,533,750	358,350
Capital Outlay	926,000	970,900	1,118,900	148,000
Total	\$4,392,000	\$4,951,300	\$5,543,750	\$592,450
Net Op. Income	\$3,700	\$122,300	\$119,950	(\$2,350)
FTE Standard	7.5	21.5	21.5	0.0
FTE Building Block	0.0	0.0	1.0	1.0
Total FTE	7.5	21.5	22.5	1.0
Auth. Capital Outlay	\$1,546,200	\$2,300,000	\$1,664,500	(\$635,500)
Retained Earnings	(\$320,300)	(\$198,000)	(\$78,050)	\$119,950

Summary

Copy & Publishing Services operates a self-service copier program, several service centers, and the UDOT print shop. It provides reproduction services to State agencies throughout the State. Service Centers are located at the Capitol, Cannon Health Building, the Tax Commission, Department of Natural Resources, Wells Building, the UDOT complex, the Provo Regional Center and the Ogden Regional Center. The walk-up copier program services agencies from St. George to Logan.

Contingency Fund

Copy and Publishing Services requested \$250,000 in capital outlay authorization with associated revenue of \$156,800 and costs of \$135,750 for a growth contingency fund. The agency also requested \$738,000 in capital outlay authorization with associated revenue and costs for new customers that it expects to garner in FY 2000.

It is the Analyst's opinion that the contingency fund figure is arbitrary and lacks sufficient justification. It is further the Analyst's opinion that projected business

growth for known customers is tentative and allows sufficient leeway to accommodate any unanticipated business that would have been addressed using the contingency fund. Therefore, the Analyst does not recommend authorization for the contingency fund.

Authorized Capital Outlay

The Analyst supports the agencies capital authorization request for FY 2000, with the exception of the contingency fund. The capital acquisitions are intended to replace fully depreciated assets as well as purchase equipment for projected growth.

	Replacement Subtotal	New Subtotal	Total
Administrative Services Copiers	\$47,500	\$30,000	\$77,500
Board of Regents Copiers	47,500	-	47,500
Commerce Copiers	8,000	30,000	38,000
Corrections Copiers	93,000	77,000	170,000
Courts Copiers	60,000	213,000	273,000
Environmental Quality Copiers	19,000	-	19,000
Health Copiers	-	24,000	24,000
Human Services Copiers	269,000	229,000	498,000
Natural Resources Copiers	16,000	-	16,000
Public Safety Copiers	27,000	24,000	51,000
Tax Commission Copiers	181,500	-	181,500
Transportation Copiers	22,000	-	22,000
Workforce Services Copiers	136,000	111,000	247,000
Total	\$926,500	\$738,000	\$1,664,500

3.4 Programs: Electronic Purchasing (Central Stores)

Recommendations

The Analyst recommends the agency's request of 5.3 FTE and \$290,000 in revenue.

Statement of Revenues and Expenses				
	FY 1998	FY 1999	FY 2000	Difference
Revenue	Actual	Estimated	Analyst	99Est/Analyst
Dedicated Credits	\$1,206,000	\$100,800	\$290,400	\$189,600
Total	\$1,206,000	\$100,800	\$290,400	\$189,600
Expenditures				
Personal Services	\$214,600	\$152,900	\$238,700	\$85,800
Out-of-State Travel	500			
Sub -Total Travel	500			
Current Expense	1,237,700	39,200	40,000	800
DP Capital	2,500	10,000		(10,000)
Capital Outlay			11,700	11,700
Total	\$1,455,300	\$202,100	\$290,400	\$88,300
Net Op. Income	(\$249,300)	(\$101,300)	\$0	\$101,300
FTE Standard	18.0	5.3	5.3	0.0
FTE Building Block	0.0	0.0	0.0	0.0
Total FTE	18.0	5.3	5.3	0.0
Auth. Capital Outlay	\$0	\$50,000	\$35,000	(\$15,000)
Retained Earnings	(\$265,600)	(\$366,900)	(\$366,900)	\$0

Summary

Prior to October 1997, Central Stores was the State's outlet for office and specialty supplies. Supplies were furnished at an average markup of 22 percent compared to 30-40 percent in wholesale/retail operations. Central Stores located their main warehouse at 1260 West North Temple.

However, as of October 1, 1997, stores became a stockless, vendor direct operation. Instead of warehousing supplies purchased in bulk, stores will use a private sector vendor to make direct deliveries and invoicing to state agencies and institutions.

For FY 1999, Central Stores proposed a new state procurement card program to cut red tape associated with acquisition of small items, and a computer store to consolidate State personal computer purchases. The agency requested 2.25 FTE to administer the programs. As of January, 1999, the procurement card program has been implemented and the computer store has not. No new FTE have been added or are expected in FY 1999.

Most recently, Central Stores has moved toward electronic purchasing through a new on-line procurement pilot project known as E-Mall. The pilot, which is hosted by Massachusetts, allows states, including Idaho, New York, South Dakota, Texas, Utah and Washington, to join forces and reap the benefits of bulk buying across state lines.

Through E-Mall and the state's new procurement card, Utah's purchasing agents will be able to shop for and purchase a limited number of items, including office supplies and Gateway brand computers, directly from on-line vendors. The effectiveness of the pilot project will be evaluated by involved states later this year.

**Authorized Capital
Outlay**

The Analyst recommends authorization of \$35,000 in capital outlay to purchase a commercial database package for managing the Division's new Purchasing Card program. The software will be used by purchasing agents state-wide to allocate and track use of Purchasing Cards, and integrate Purchasing Card data with the State's financial system.

4.0 Tables: General Services (Division of Purchasing and General Services)

Revenue	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
	Actual	Actual	Actual	Estimated	Analyst
Dedicated Credits	\$13,635,900	\$14,396,000	\$12,016,300	\$11,894,300	\$13,104,200
Total	\$13,635,900	\$14,396,000	\$12,016,300	\$11,894,300	\$13,104,200

Programs	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
	Actual	Actual	Actual	Estimated	Analyst
Administration	\$589,900	\$635,300	\$222,300	\$189,900	\$190,100
Mail	6,146,300	6,151,500	6,192,300	6,530,000	6,960,000
Electronic Purchasing	3,528,100	3,872,200	1,206,000	100,800	290,400
Publishing	3,371,600	3,737,000	4,395,700	5,073,600	5,663,700
Total	\$13,635,900	\$14,396,000	\$12,016,300	\$11,894,300	\$13,104,200

Expenditures	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
	Actual	Actual	Actual	Estimated	Analyst
Personal Services	\$1,959,200	\$2,128,600	\$1,907,800	\$1,943,300	\$2,118,600
In-State Travel			2,000	4,200	4,200
Out-of-State Travel			2,700	8,800	8,800
Sub -Total Travel	7,700	8,100	4,700	13,000	13,000
Current Expense	11,042,700	11,561,800	9,383,300	8,796,600	9,187,050
Data Processing	110,200	115,000	53,400	63,900	63,900
DP Capital	18,100	12,200	14,500	22,200	12,200
Capital Outlay	823,900	778,800	993,200	1,122,700	1,291,100
Total	\$13,961,800	\$14,604,500	\$12,356,900	\$11,961,700	\$12,685,850
Net Op. Income	(\$325,900)	(\$208,500)	(\$340,600)	(\$67,400)	\$418,350

FTE/Capital/Earnings	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
	Actual	Actual	Actual	Estimated	Analyst
FTE Standard	100.6	64.0	58.0	60.0	60.0
FTE Building Block	0.0	0.0	0.0	0.0	1.0
Total FTE	100.6	64.0	58.0	60.0	61.0
Auth. Capital Outlay	\$801,900	\$1,303,200	\$1,546,200	\$2,901,400	\$1,834,500
Retained Earnings	(\$58,400)	(\$300,900)	(\$652,200)	(\$719,600)	(\$301,250)